

Dear Hon. Kevin Andrews,

MaPS - In Department

In reference to the public consultation on proposed changes to the welfare system.

I have already written to you and to other members of the government to suggest that the government needs to take pro-active measures to ensure that there are sufficient and appropriate employment opportunities for all Australians. In a normally functioning economy, there should be sufficient jobs for everybody and employers should not require either to be better informed about employing people with disabilities or to be bribed to employ people over the age of 50, because there would be a natural demand for such people. If this is not the case – and it is not the case now in Australia – then the government cannot rely on inherent natural mechanisms within the economy to generate more jobs: the Australian economy has not been generating sufficient jobs for all Australians now for several decades, and this has had nothing to do with international economic fluctuations and crises. It has to do with the shrinking of the national economy and a lack of long-term investment, development, and diversification, and if this is to be reversed, then government needs to develop strategies which will effectively reverse this trend.

If any significant percentage of the ca. 800,000 currently in receipt of some form of disability support are to return to the workforce, irrespective of their circumstances, there are obviously insufficient jobs available to them. There is also an estimated shortage of tens of thousands of jobs for those currently unemployed. Thousands of Australians currently in employment are also under-employed in relation to their qualifications, and there are insufficient appropriate jobs available, or likely to be generated, for university graduates. It does not benefit either government or the economy to have university graduates under-employed in jobs unrelated to their education, or forced to seek career opportunities overseas because there are insufficient opportunities within Australia; and yet, this has also now been a neglected problem in this country for decades. The unemployment rate is estimated to remain around 6% for the next one to two years, during which time you aim to encourage people on disability support to return to the workforce – but to what, exactly?

I have now been continuously unemployed for three years, and I have not been invited for an interview for even one single job for which I have applied during that time. I am a highly qualified and experienced academic, and I would have expected there to have been suitable career opportunities available to me at at least some of Australia's 39 universities – but apparently, there aren't any such opportunities. I believe that our universities are currently seriously under-staffed and that there should in fact be more job opportunities, but due to other factors, those opportunities are not being created, and in fact universities are also cutting staff instead of recruiting them. I am not alone in this situation, so in my sector, unless the government acts to improve and extend employment opportunities, I will remain unemployed or under-employed. I have skills which should be transferrable, but despite also applying for jobs in other sectors, I have not been interviewed for any non-academic job, either, which suggests age discrimination and/or limited imagination of other employers such as the Commonwealth public service. There are also no adequately funded opportunities for me to undertake further tertiary education in order to re-skill (nor any guarantee that I would obtain a job after having completed another degree programme), and the current assumption of

applicable legislation that someone in my position should have been able to find employment is obviously out of date and needs to be reviewed.

I believe that the employment situation across the board in most sectors is comparable with my experience, and that if government wishes to ensure that more Australians return to the workforce, it will need to ensure that there are sufficient and appropriate jobs for everybody. Currently, it has not announced any plans to achieve this. Failure to address this issue will make any attempt to encourage people to return to the workforce appear discriminatory. I am aware of other long-term unemployed academics, I am aware of school-leavers who have been unemployed for four years or more, of university graduates still unemployed twelve months or more after graduation, and of people who have applied for more than 1,000 jobs over more than ten years without obtaining suitable employment. These people do not deserve to be discriminated against: they deserve to be ensured appropriate employment.

I do not believe that it is common for people in receipt of welfare to be unwilling to work and inclined to take advantage of their situation. Employment is a socialising process, through which people learn to be punctual, reliable, motivated etc. Assuming that employment is sufficiently remunerated, it also provides people with self-respect, and the financial means to achieve life goals for themselves, to do things which facilitate mental and physical health. However, there are many areas in this country, both urban and rural, where there are insufficient opportunities for people to obtain employment and thereby to enjoy these benefits; there is now also multi-generational unemployment. The impact of unemployment, and the long-term lack of opportunities, contributes directly to social problems such as drug and alcohol abuse, domestic violence, suicide, crime, and inevitably the loss of hope and motivation. As someone who has been a high-achiever but who has now also been unemployed for three years, I have also lost hope and motivation and experienced mental health issues, caused both by being unemployed and by thereby being denied any opportunity of fulfilling goals in my life. Individuals under these circumstances do not need to be bullied or slandered in political rhetoric: government and society need to accept responsibility for having failed to provide the mechanisms of education and employment which could have avoided these problems in the first place, and to eliminate the causes of the problem, i.e. they need to ensure that there are adequate employment opportunities for all Australians, irrespective of where they live, and if they require rehabilitation, training, relocation assistance etc. then that support needs to be provided. There can come a point in everybody's life where the loss of hope caused by the lack of opportunity in turn causes an inability to help themselves. Insofar as the provision of education and employment is not incumbent upon every individual, but is an activity of every well-governed and economically developed society, it is government and the business community, not the individual, who is ultimately responsible for any failure to provide opportunities, as well as for the longer-term human cost of the lack of those opportunities.

The Australian business community does not exist to create jobs: it exists to make a profit. Businesses create jobs only to the extent that they need employees to do work which generates profits, but they only employ the minimum required for such tasks, and they will typically, except in professional areas, employ people under the cheapest possible conditions, in order to maximise their profits; its tendency is always to downsize, not up-size. Increasingly, this tendency also applies in sectors which were not originally conceived of as being 'businesses', which were once upon a time service providers, such as the tertiary education and health sectors, but which have now been restructured to operate as businesses. If, therefore, sufficient and appropriate jobs are to be created for all Australians, then government cannot depend upon the business community alone to create those jobs, and will need to take measures to incite industry to generate the jobs required; it will need to develop a multi-pronged strategy in order to do so.

At the same time, it is very surprising that government apparently does not engage in an active and continuous collaboration with the business community in order to achieve goals which are in both of their interests. In 2011, a business council issued a report complaining that ca. one third of the entire workforce was not sufficiently or appropriately skilled in ways now essential for employment; it also complained that this situation had not improved over at least a decade. It appears that since 2011, nothing has been done, either, to address this problem. Who is responsible for this chronic failure, and why are government ministries not remaining informed, educated, and engaged in order to anticipate and effectively address challenges? Why is Australia so far behind other developed countries in innovation, regulation, and

development? In July 2013 the Business Council of Australia issued a proposed long-term economic strategy for the country, and yet apparently, government has neither taken cognizance of that report nor developed any alternative strategy. Why not? Why have so many problems not been effectively addressed by bi-partisan government over decades, with the consequence that the problems have become worse, when they should have been effectively and decisively addressed immediately when they first became apparent?

My current job seeker agency is the Commonwealth Rehabilitation Service. This service is highly regarded by its clients and has a high success rate. In the recent budget, however, this service has been cut, and it is anticipated that its activities will be out-sourced to private providers. In my experience, and in that of Centrelink and CRS staff, private agencies do not have the same success rate, their staff are typically not appropriately qualified and experienced for their job, and they are under-resourced. I would prefer to have remained with the CRS rather than be returned to a private agency. In any terms of intelligent management, the decision to axe the CRS is irresponsible and incomprehensible. If government is seriously committed not simply to forcing people off welfare and back into any kind of job that they can find, but is committed to supporting them in that transition, providing whatever kind of support is necessary for each individual, and to enabling them to obtain employment suitable to their individual qualifications and circumstances, then it must improve the quality of private agencies and their resources, as well as the contractual terms under which they operate. Still more preferable, however, would be to retain agencies such as the CRS and not to out-source services.

Recent years have seen enormous outsourcing of services by government to private providers. Those agencies have apparently never been effectively monitored by the responsible regulatory bodies, and have frequently either under-performed or rorted the system, with the result that the alleged services provided have been either sub-standard or non-existent. This is not a satisfactory or a responsibly managed situation, and if government persists in out-sourcing instead of retaining government agencies, then it must also assume greater responsibility for ensuring that both private agencies and regulatory bodies do their job. Politicians often make a knee-jerk reaction about the responsible use of 'tax payers' money', and yet so much of that money is still not being spent effectively and responsibly.

It has now been recognised across all political camps for at least the last three years that the Newstart allowance should be increased. The Newstart allowance does NOT provide the unemployed with opportunities for a 'new start'. It should ensure that recipients are financially able to purchase food, clothing and to pay for other necessities, including rent and utilities without going into debt, without becoming homeless, and without being forced to rely upon private charity. It does not do any of those things. If it is recognised that people are unemployed not through any fault of their own but because of a shortage of employment opportunities, and if it is regarded as a legitimate principle that everybody in employment is entitled to increases in their income commensurate with increases in the cost of living – which increases continuously through every year – then it is not defensible that the Newstart allowance has now not been increased for a number of years, that it bears no realistic correlation to actual costs of living, and that it is impossible to live in private rental accommodation in any capital city on any welfare support whatsoever. This principle of increase of income commensurate with costs of living is not based on the fact that people are in employment, but on the belief that everybody should have access to income sufficient in order to be able live; this applies equally to the unemployed, and it should also apply to things such as the minimum wage. The Newstart allowance, which is now also used as support for other categories such as students and single parents, and which it is proposed should be used for still more categories, should be raised immediately by several hundred dollars/fortnight, and it should be regularly indexed to and raised commensurate with, rising costs of living. If the GST is increased and/or extended, then the Newstart allowance should also be increased accordingly, or welfare recipients should be exempted from any change to the GST.

If the unemployed are expected to relocate in order to obtain employment, then they also need to be financially assisted with the costs which relocation incurs. These costs can easily reach ca. \$5,000 or more; many unemployed people will have no financial means of supporting such costs, but without such means, they cannot afford to relocate. Government therefore needs to ensure that they have access to such money, perhaps as a non-interest loan on repayment terms to be negotiated according to individual circumstances.

Neither the Newstart allowance nor other welfare support would be a long-term financial burden on government if all Australians were in full-time continuing employment for the duration of their working lives, if they were paying an appropriate tax rate and not dependent upon welfare support. It is unjust to 'blame' welfare recipients for circumstances such as unemployment, under-employment, and insufficient remuneration which reduces their tax levels, all of which are beyond their personal influence, but not that of government. It is therefore the task of government to ensure the full and appropriately remunerated employment of all Australians. Previous Australian governments have allowed the worsening employment conditions of an increasing number of Australians to occur over recent decades, and where there may have been sensible reforms, those reforms have unquestionably also had negative consequences, including diminished government tax revenue and rising unemployment. Worsening employment conditions and the loss of job security even for those in employment contribute to physical and mental health problems, loss of productivity and further demands upon the health system, all due to stress; I do not believe that either government or employers adequately understand these problems. The particular form of opportunism and liberal capitalism now dominant in this country is among the most extreme among OECD countries, and it is not benefitting either government or the majority of the population. It is interesting that social democratic European nations enjoy a higher standard of living across all social groups than Australia, and that they are more prosperous and economically diversified. In other words: greater redistribution of wealth is good for everybody, including government and business, than the increasing economic disparities which we now see in Australia. If government is to reduce its welfare burden, it should consider adopting measures with long-standing and proven success which are in place in such countries.

Sincerely,
Dr Stephen Lake

